

TAB

CONFIDENTIAL

INDEX TO TAB A ATTACHMENTS

1. Discontinuance of Audit

- a. Letter of 26 July 1962 from Comptroller General Campbell to Chairman Vinson

Acknowledges letter of 18 July 1962 from Chairman Vinson which accepts GAO conclusion to withdraw from further audit activities at the Central Intelligence Agency.

- b. Proposed draft of 11 July 1962 (copy of final letter of 18 July not received) from Chairman Vinson to Comptroller General

Acknowledges Comptroller General's letter concerning restrictions on performance of audit of the Central Intelligence Agency. Affirms the need for restrictions and the fact of Agency strengthening of the Comptroller and internal audit functions in the Agency. Agrees that Comptroller General withdraw from further audit activities.

- c. Letter of 21 June 1962 from Comptroller General to Chairman Vinson

Reviews prior correspondence and contact with the Agency and sets forth for further consideration by Chairman Vinson, Comptroller General's view that the security restrictions inherent in the intelligence operations are so severe as to preclude effective performance of audit.

2. Background Memoranda (in chronological sequence)

- d. Letter of 29 May 1959 from Comptroller General to Chairman, Special CIA Subcommittee, Committee on Armed Services

Cites background for limited audit posture, acknowledging it had been requested by Director of Central Intelligence, and develops a rationale for a recommendation that GAO be allowed to expand the scope of its audit.

- e. Letter of 18 June 1959 from Chairman, CIA Subcommittee to Director of Central Intelligence

Advises the Director of the desire of the Subcommittee and of the General Accounting Office for an expansion in scope of the GAO audit.

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- f. Letter of 30 June 1959 to the President from DCI

Informs the President of the interest of the CIA Subcommittee and of the GAO in broadening the scope of the GAO audit; indicates that with the acquiescence of the President, he (DCI) will enter into discussions with the Comptroller General and the Chairman of the CIA Subcommittee for purpose of determining whether the GAO audit could be broadened without impairing the powers and authorities of the Director with regard to expenditures for confidential purposes.

- g. Letter of 16 October 1959 to Comptroller General from DCI

Acknowledges previous discussions regarding improvement of GAO audit and suggests guidelines within which such improvements must be accomplished.

- h. Letter of 21 October 1959 from Comptroller General to DCI

Expresses willingness for trial period to expand reviews within guidelines established.

- i. Letter of 16 May 1961 from Comptroller General to DCI

- j. Letter of 16 May 1961 from Comptroller General to Chairman, Special Subcommittee, CIA, Committee on Armed Services

Reports on reviews of CIA operations subject to audit, states no worthwhile audit objectives being achieved and evidences intention to discontinue audit.

- k. Letter of 18 May 1961 from Chairman Vinson to Comptroller General

Requests continuation of audit, pending completion of further discussions between the Committee, the General Accounting Office and the Central Intelligence Agency.

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COMPTROLLER GENERAL  
OF THE UNITED STATES  
WASHINGTON

JUL 26 1962

Dear Mr. Chairman:

Your letter dated July 18, 1962, on further audit activities by the General Accounting Office at Central Intelligence Agency is acknowledged.

Your acceptance of our conclusion that we withdrew from further audit activities at this Agency is appreciated and we will proceed to complete the work that is in process at a relatively early date.

Sincerely,

Joseph Campbell

Comptroller General  
of the United States

Honorable Carl Vinson  
Chairman, Committee on  
Armed Services  
House of Representatives

TAB

28 November 1962

MEMORANDUM FOR THE RECORD

SUBJECT: GAO Audit Correspondence

Mrs. Oneta Stockstill, House Armed Services Committee staff, has advised me that Chairman Vinson sent to the Comptroller General a letter concerning the CIA audit precisely as suggested in our draft reply dated 11 July 1962. Mrs. Stockstill also gave me a copy of the Comptroller General's note of acknowledgement to Chairman Vinson.

25X1A

DRAFT  
OCC:LRH:jeb  
11 July 1962

Honorable Joseph Campbell  
The Comptroller General  
of the United States  
Washington 25, D. C.

Dear Mr. Campbell:

I have read your letter concerning the restrictions on performance of an audit of the Central Intelligence Agency and your opinion that as a result of these restrictions you could not effectively accomplish any worthwhile audit objectives at the Central Intelligence Agency.

As you know, the restrictions you met with in the Central Intelligence Agency are necessary, I believe, for the proper protection of its intelligence activities and should be maintained. Also, Mr. McCone has informed us that among the reorganizational steps he has carried out is a major strengthening of the comptroller and internal audit functions in the Agency. Consequently, I believe you have met the objectives of my letter of May 18, 1961, which recommended that you continue your work at that time, and since you feel confirmed in your opinion that it is not a worthwhile effort, I am agreeable that you withdraw from further audit activities in the Central Intelligence Agency.

Sincerely,

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COMPTROLLER GENERAL OF THE UNITED STATES

Washington 25

B-133200

June 21, 1962

Honorable Carl Vinson, Chairman  
Committee on Armed Services  
House of Representatives

Dear Mr. Chairman:

By letter dated May 16, 1961, to Honorable Paul J. Kilday, Chairman, Special Subcommittee, Central Intelligence Agency, Committee on Armed Services, House of Representatives, we reported upon our review of selected activities of Central Intelligence Agency (CIA) for the purpose of determining whether the scope of the audit of the Central Accounting Office could be expanded sufficiently to make reasonably comprehensive evaluations of CIA activities. In this letter we stated that under the existing security restrictions on our audit of CIA activities we did not have sufficient access to make comprehensive reviews on a continuing basis that would be productive of evaluations helpful to the Congress and that we planned to discontinue the work.

Your letter to us dated May 18, 1961, recommended that the audit not be discontinued at that time and accordingly we have continued our work at CIA despite the severe limitations placed upon us. Our further reviews, confined wholly to certain matters in the Intelligence Component, have not resulted in any change in our views that under existing security restrictions on our audit of CIA activities we do not have sufficient access to effectively accomplish any worthwhile audit objectives at CIA on a continuing basis. We are submitting this letter so that you may consider further our views on this matter at this time.

The limitations placed upon our audit activities at CIA are severe. Following several meetings with the Director, Central Intelligence Agency, and members of his staff, we exchanged correspondence in October 1959 which in essence recognized that an audit of CIA would have to be limited to reviews outside the areas of sensitive security operations on:

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- (1) Expenditures certified by the Director under Section 8 of Central Intelligence Act of 1949, as amended.
- (2) Certain activities in support of confidential operations protected by the authority to the Director under Section 8.

We agreed that to the extent expenditures were certified by the Director as being of a confidential, extraordinary, or emergency nature, such expenditures were not subject to examination by the General Accounting Office without the concurrence of the Director. The activities in support of the confidential operations embraced practically all of the administrative operations. Nonetheless, we were willing to attempt to make an audit at CIA within the principles stated by the Director in his letter of October 16, 1959, but in our reply dated October 21, 1959, we stated that in the event it appeared after a trial period our reviews were limited to such an extent that we could not effectively and constructively accomplish any worthwhile objectives we would consider whether or not the audit should be continued.

During the ensuing 30 months we undertook to make reviews of selected overt activities as access to the covert activities was not made available to us. In this connection, access to the activities of the Support Component in which we could be expected to be most effective in our reviews was significantly limited because covert and overt activities of this component are integrated. We were not able to review sufficiently financial management, property management, contracting, procurement, and similar activities for any effective appraisal of the administration of these activities. Our access for a review of the internal audit program and reports was very limited and we had no access whatever to the work of the Inspector General; therefore, we were not able to appraise the internal review mechanisms within the Agency. We have had rather complete access to the activities of the Intelligence Component, but the nature of these activities and the lack of complete access to internal review programs and reports has significantly limited our effectiveness in this area.

In undertaking to make reviews at the Central Intelligence Agency, we recognized that the nature of the activities of this Agency presented problems on sufficient breadth of coverage and review of detail

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for the purpose of reaching sound conclusions. We have made every effort to broaden our review of the activities of the Agency within the limitations which were placed on us, and we wish to assure you that our conclusion that we could not effectively accomplish any worthwhile audit objectives at CIA on a continuing basis was reached only after considering all the factors as we saw them.

To obtain the maximum effectiveness of a General Accounting Office audit of CIA activities, it would be necessary to our audit staff to have nearly complete access to CIA activities. However, we believe it to be possible to perform reasonably comprehensive reviews of CIA activities if we were permitted complete access to the administrative activities, such as financial, procurement, property, and personnel management and internal review activities that are performed in support of both sensitive and nonsensitive operations of CIA.

We appreciate your interest in our work at CIA and the expression of your views on the discontinuance of our work there is invited. We are prepared to discuss these matters further with you.

Sincerely yours,

/s/ Joseph Campbell

Comptroller General  
of the United States

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COMPTROLLER GENERAL OF THE UNITED STATES  
Washington 25, D. C.

B-133200

*June 17, 1959*  
*(Mem 23, 1959)*

Honorable Paul J. Kilday, Chairman  
Special Subcommittee, Central Intelligence Agency  
Committee on Armed Services  
House of Representatives

Dear Mr. Chairman:

On May 15, 1959, Mr. A. T. Samuelson, Director of our Civil Accounting and Auditing Division, attended an executive meeting of your Subcommittee to discuss our audit responsibilities and activities at Central Intelligence Agency. At the conclusion of this meeting, it was suggested that recommendations be submitted for the future audit activities by the General Accounting Office at this Agency.

Following the enactment of the Central Intelligence Agency Act of 1949, the then Director of the Agency requested that notwithstanding the very broad and unusual powers granted to the Central Intelligence Agency by the Act an audit of expenditures at the site, as previously performed by the General Accounting Office, be continued. Accordingly, the General Accounting Office has continued to make audits of vouchered expenditures, under the same arrangements that were in effect with the predecessor Central Intelligence Group. However, in view of the provisions of section 10 of the Central Intelligence Agency Act, no exceptions have been taken to any expenditures. In those cases where questionable payments come to our attention, we refer the cases to the CIA Comptroller's Office for corrective action. In using the term questionable payments, we mean any expenditures which, except for section 10 (a) of the Act, would appear to be improper or illegal either under law or under the decisions of the Comptroller General. 25X1A In our audit work, we have not made a substantive review of Agency policies, nor of its practices and procedures, [REDACTED]

[REDACTED]

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Since the enactment of Central Intelligence legislation, we have generally broadened the type of audit we make of the activities of most Government agencies. Under our comprehensive audit approach, our basic purpose is to review and evaluate the manner in which the agency or activity under audit carries out its financial responsibilities. We construe financial responsibilities as including the expenditure of funds and the utilization of property and personnel in the furtherance only of authorized programs or activities in an effective, efficient, and economical manner. In carrying out this kind of an audit, we examine the organization structure and review the established agency policies for conformity with legislative intent and applicability to agency activities. We also examine agency practices and procedures followed in carrying out the agency policies and make selective examination of actual transactions as a means of appraising the application of agency practices and procedures. Reports on the results of our work are submitted to the Congress and to agency management officials.

We believe that a broader type of audit is appropriate for our work at Central Intelligence Agency and is more likely to be productive of evaluations of the administrative functions which would be helpful to the Congress and the Agency Director. We have accordingly concluded that it would be desirable to expand our audit work at Central Intelligence Agency more in line with our regular comprehensive audit approach. The expanded work would include an examination of vouchered expenditures, and, at the outset, the controls and procedures used in processing unvouchered expenditures. Also we would propose to make a limited examination of the support for unvouchered expenditures in accordance with such agreement as to access as can be worked out between CIA and our Office. As indicated by the preceding comments we have heretofore carried out only limited audit work at CIA, and we do not believe such limited work should be continued.

At this time we do not recommend any change in section 10 of the Central Intelligence Agency Act. We believe, however, that your Subcommittee could be very helpful in effecting a change in the scope of our audit work at CIA by advising the Agency of your interest in broadening the audit performed by the General Accounting Office. Any broadening of our audit activities should not include an evaluation of the intelligence activities of the Agency.

We are prepared to discuss this matter further at your convenience.

Sincerely yours,

/s/

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HOUSE OF REPRESENTATIVES

Committee on Armed Services

Suite 313, House Office Building

Washington 25, D. C.

June 18, 1959

Honorable Allen Dulles  
Central Intelligence Agency  
Washington 25, D. C.

Dear Mr. Dulles:

On March 2, 1959 and subsequent dates staff meetings were held between the CIA Subcommittee and the General Accounting Office in order to develop a clearer understanding of the relationship between the General Accounting Office and the Central Intelligence Agency. Upon completion of these staff meetings the CIA Subcommittee met on May 15 with a senior representative of the General Accounting Office for the purpose of pursuing the information developed in the staff conferences.

The Subcommittee fully appreciates the legal exemption of the Central Intelligence Agency from audit by the General Accounting Office. However, since representatives of GAO have been assigned to the Central Intelligence Agency since you became Director and prior thereto, there is a general impression that the vouchered funds of CIA have been subjected to the normal audit function of the General Accounting Office. It is this particular point that the Subcommittee pursued at its meeting on May 18.

At the conclusion of its meeting, the Subcommittee informally concluded that:

(1) the degree of audit of vouchered funds performed by GAO representatives in the Central Intelligence Agency was considerably less than had been thought;

(2) for the protection of the Agency and the assurance of the Congress, the audit function should continue;

(3) that more senior representatives of the General Accounting Office should be assigned to this function; and,

(4) that the Chairman of the Subcommittee should seek the formal opinion of the Comptroller General with respect to this matter.

In keeping with the above, I requested the official opinion of the Comptroller General on the relationship of his office with the Central Intelligence Agency. Under date of May 29, I received a letter from the Comptroller General, a self-explanatory copy being hereto attached. You will note that the Comptroller General recommend a broader type of audit than is presently accomplished. At the same time he takes cognizance of appropriate restrictions which are inherent in this endeavor.

The question now arises as to the action that will be taken with reference to this matter. Inasmuch as the General Accounting Office participates in the activities of your Agency by invitation, it is my opinion that it would be both appropriate and desirable for you to initiate a conference with the Comptroller General in an effort to clarify the existing situation. The CIA Subcommittee stands ready to assist in any manner, but I believe you will concur in my thought that the conference which I have suggested represents the most desirable approach to a solution.

As soon as you have had an opportunity to consider this matter I would appreciate an expression of your reaction.

Sincerely,

/s/

Paul J. Kilday, Chairman  
Subcommittee on CIA

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30 JUN 1959

The President  
The White House  
Washington 25, D. C.

Dear Mr. President:

I have received a letter dated June 18, 1959, from Representative Paul J. Kilday, Chairman of the CIA Subcommittee of the House Armed Services Committee, concerning the audit of the so-called vouchered funds of this Agency as distinguished from the funds expended for highly classified confidential purposes. With this letter Mr. Kilday sent me a communication to him from the Comptroller General on the same subject.

The Comptroller General notes that since the enactment of Central Intelligence Agency legislation the General Accounting Office has generally broadened the type of audit made of activities of most Government agencies but that with the Central Intelligence Agency it has continued to make only a voucher audit of vouchered funds and no audit of confidential funds. He, therefore, recommends "... a change in the scope of our audit work at CIA ..." by broadening the General Accounting Office's audit while recognizing that "Any broadening of our audit activities should not include an evaluation of the intelligence activities of the Agency." Mr. Kilday, speaking for his Subcommittee in his letter of June 18th, recommends that the Agency consider with the Comptroller General "a broader type of audit than is presently accomplished."

The history and facts in this matter are as follows: Section 10(b) of the Central Intelligence Agency Act of 1949 provides

"The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified."

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In view of the close interrelation of all of this Agency's activities, I believe it could have been correctly argued that all of the funds of the Agency should be expended under the authority of this section so that none of them would be subject to outside audit. However, it has been our practice, as you know, to put as much of our expenditures on the "vouchered" side as is possible and still protect sensitive activities. Such expenditures have been subject to a voucher audit by representatives of the General Accounting Office. All other expenditures have been subject to the strictest kind of internal control and auditing by our own Audit Staff and Comptroller. The proportion as between

I would be pleased to continue with these procedures; however, if there is a broadening of the General Accounting Office's review into a comprehensive audit of the vouchered side, we will encounter serious problems as such an examination would necessarily extend into the field of intelligence sources and methods unless its scope were limited at our direction.

The Central Intelligence Agency is a particularly sensitive arm of the executive branch of the Government in the general field of foreign relations, and I would not wish its usefulness to be impaired in any way by accepting from a body responsible to the legislative branch or from the legislative branch a measure of control or supervision detrimental to its effectiveness. Accordingly, I felt I should submit these facts to you. At the same time, I would suggest that I discuss the matter with the Comptroller General, Mr. Campbell, as well as Mr. Kilday, if you approve, to determine whether a form of audit of so-called vouchered funds satisfactory to the General Accounting Office and to Mr. Kilday and his Subcommittee can be agreed upon without impairing the powers and authorities with regard to expenditures for confidential purposes which we have found essential to our operations.

If you agree, I shall proceed to have such conversations and I shall report the results to you without reaching any commitment until I have obtained your concurrence.

Sincerely,

SIGNED

Allen W. Dulles  
Director

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16 October 1959

The Honorable Joseph Campbell  
The Comptroller General of  
the United States  
Washington 25, D. C.

Dear Mr. Campbell:

Since we had the pleasure of briefing you on 30 July, we have discussed further with Mr. Samuelson how the General Accounting Office's audit of this Agency might be improved. I believe that the General Accounting Office can expand its current audit activities in a considerable portion of the Agency, and in moving forward in this direction I feel that we should reach agreement on certain fundamental aspects.

In the Central Intelligence Agency Act of 1949, the Congress, recognizing some of the unique problems involved in the conduct of intelligence activities, provided broad authorities over the expenditure of and accounting for Agency funds. In particular, Section 8 of that Act (formerly Section 10) provides that expenditures for objects of a confidential, extraordinary, or emergency nature are to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified. This wording does not contemplate the review of expenditures which the Director certified were made for confidential, extraordinary, or emergency purposes.

While all funds appropriated to the Agency are technically on an "unvouchered" basis, it has been my policy and that of my predecessors to limit the exercise of this special authority to those activities which in the national interest should have the maximum security protection. To the extent possible Agency funds are expended under the other provisions of the Central Intelligence Agency Act and the vouchers for these expenditures are available to the General Accounting Office. This policy has been exercised to such a degree that certain activities, not in themselves sensitive but conducted solely in support of highly confidential operations, are funded under general authorities without invoking my special authority to make final accounting therefor. A comprehensive audit of the sort now conducted by the General Accounting Office in other

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agencies, if applied to our so-called vouchered expenditures, would necessarily reach into the confidential operations which they support and which are protected by my special authority under Section 8 of the Act. In these instances, therefore, the comprehensive audit would have to be limited so as to remain outside the area of sensitive security operations.

In view of the statutory background, I trust that you will agree with the position set forth above. If you have any question I would be delighted to discuss the subject with you at your convenience. If we are in agreement on these fundamental principles, I suggest that your representatives continue to explore with my Staff the manner in which the scope of the General Accounting Office's audit of the Agency may be broadened, consistent with the security requirements described above.

Sincerely,

/s/

Allen W. Dulles  
Director

C O P Y

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COMPTROLLER GENERAL OF THE UNITED STATES

Washington 25

21 October 1959

Honorable Allen W. Dulles, Director  
Central Intelligence Agency

Dear Mr. Dulles:

Your letter dated October 16, 1959, concerning a proposed extension of our audit of Central Intelligence Agency has been reviewed, and further discussions have been had between representatives of this Office and your Staff.

Your letter notes the unique problems involved in the activities of the Central Intelligence Agency and the broad authorization given you over the expenditures of and accounting for Agency funds. In recognition thereof, you indicate that an audit of the Central Intelligence Agency would have to be limited to reviews outside the area of sensitive security operations on:

- (1) Expenditures certified by the Director under Section 8 of the Central Intelligence Agency Act of 1949, as amended.
- (2) Certain activities in support of confidential operations protected by your authority under Section 8.

We agree that to the extent expenditures are certified by you as confidential, extraordinary, or emergency nature, such expenditures are not subject to examination by us without your concurrence.

In our comprehensive audits, we examine the organization structure, agency policies, and agency practices and procedures, together with a selective examination of actual transactions as a means of appraising the application of agency practices and procedures. As a result of the discussions with your Staff it seems possible for the General Accounting Office to expand its audit at the Central Intelligence Agency into a considerable part of the Agency's activities, even though our reviews would be outside the area of sensitive security operations. Despite the limitation, we believe as a result of the reviews we could make that we would be in a position to make evaluations of a substantial part of the administrative functions.

The Central Intelligence Agency presents problems on sufficient breadth of coverage and review of detail for the purpose of reaching sound evaluations, but we are willing to broaden our activities at Central Intelligence Agency within the principles expressed in your letter. However, in the event it appears after a trial period that our reviews are limited to such an extent that we cannot effectively and constructively accomplish any worthwhile objectives, we will have to consider whether the audit should be continued.

On the basis of the above, we are willing to have further discussion with your Staff in order that the audit may proceed.

Sincerely yours,

/s/ Joseph Campbell

Comptroller General  
of the United States

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COMPTROLLER GENERAL OF THE UNITED STATES

ER 61-4049

DD/S-61-1640

WASHINGTON 25

E-133200

May 16, 1961

Honorable Allen Dulles, Director  
Central Intelligence Agency

Dear Mr. Dulles:

The General Accounting Office has completed a review of selected overt activities of the Central Intelligence Agency. Based on this review, we believe that under existing security restrictions on the General Accounting Office audit of CIA activities, we do not have sufficient access to make comprehensive reviews on a continuing basis that would be productive of evaluations helpful to the Congress.

Our review of selected overt activities in the Intelligence Component disclosed certain matters that were brought to the attention of CIA officials, and we were advised by them that corrective action on these matters is to be taken, or is presently under consideration by CIA.

I wish to acknowledge the cooperation of CIA officials in taking various steps to place the General Accounting Office in a position to make a comprehensive audit of the overt activities of CIA.

Transmitted herewith is a copy of a letter sent today to the Chairman, Special Subcommittee, Central Intelligence Agency, Committee on Armed Services, House of Representatives, presenting the results of our review.

Sincerely yours,

/s/

Comptroller General of  
the United States

Attachment

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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON 25

B-133200

May 16, 1961

Honorable Paul J. Kilday, Chairman  
Special Subcommittee, Central Intelligence Agency  
Committee on Armed Services  
House of Representatives

Dear Mr. Chairman:

The General Accounting Office has made a review of selected activities of the Central Intelligence Agency (CIA) for the purpose of determining whether the scope of the audit of the General Accounting Office could be expanded sufficiently to make reasonably comprehensive evaluations of CIA activities that would be helpful to the Congress.

This review was made pursuant to the interest indicated by the Special Subcommittee at an executive hearing in May 1959. Following several meetings between representatives of the General Accounting Office and CIA, the Director of Central Intelligence and the Comptroller General in October 1959 had an exchange of correspondence concerning the audit and concerning restrictions on undertaking reviews in the area of sensitive security operations. Various steps were taken by CIA to place the General Accounting Office in a position to make a comprehensive audit of the overt activities of CIA. It is our view, however, that under existing security restrictions on our audit of CIA activities, we do not have sufficient access to make comprehensive reviews on a continuing basis that would be productive of evaluations helpful to the Congress.

We limited our review to selected overt activities as access to the covert (confidential) activities of CIA was denied us. We have had no access whatsoever to the Plans Component, and we cannot effectively review and evaluate the activities of the Support Component because the confidential and overt activities of this component are integrated to such an extent that we cannot make reasonably comprehensive audits. We have been given sufficient access to make reasonably comprehensive reviews of the overt activities of the Intelligence Component, but such reviews, in our opinion, will not be productive of significant evaluations because we cannot feasibly evaluate the extent to which needed overt information is available for

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C O P Y

HOUSE OF REPRESENTATIVES  
Committee on Armed Services  
Suite 313, House Office Building  
Washington 25, D. C.

DD/S 61-1724

ER 61-4258

Noted by DCI 20 May 61

May 18, 1961

Honorable Joseph Campbell  
Comptroller General of the United States  
Washington 25, D. C.

Dear Mr. Campbell:

This is with reference to your letter of May 16 to Honorable Paul J. Kilday, Chairman, Subcommittee on the Central Intelligence Agency, Committee on Armed Services.

Mr. Kilday and I have discussed the contents of your letter at some length and in view of the course of action which you contemplate, I feel it incumbent upon me to promptly express my judgment on this matter.

As you know, Mr. Kilday's Subcommittee gave considerable attention to the audit conducted by the General Accounting Office of the Central Intelligence Agency. It was fully recognized that there were certain restrictions on the scope of the audit by the General Accounting Office, which restrictions were inherent in a relationship of this nature. However, the Subcommittee was of the firm opinion that even a limited audit of overt accounting actions would serve a worthwhile purpose. In furtherance of that judgment, the Subcommittee concluded that the limitations which were inherent required more experienced representatives of your office than had been assigned to this function. The Committee was gratified that you concurred in that judgment and improved the quality of the representatives so assigned.

I am of the firm opinion that the points which you raise in your letter to Mr. Kilday should be the subject of further discussions between the Committee, the General Accounting Office, and the Central Intelligence Agency. Pending the completion of those discussions, I cannot recommend too strongly against the course of action which you propose in the final paragraph on page two of your letter. I know you must fully appreciate that there are other overriding considerations which cannot be divorced, under prevailing circumstances, from any change in the existing relationship between your office and the Central Intelligence Agency.

I trust you will agree with my firm belief that there is nothing in this situation which requires precipitous action. On the other hand, I want to assure you that the matters set forth in your letter will be the subject of further consideration by Mr. Kilday's Subcommittee, in full consultation with your office, at a time which better accommodates the overriding requirements of national interest.

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I would appreciate a response to this expression of my views.

With kindest regards, I am

Sincerely,

/s/  
Carl Vinson  
Chairman

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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

Executive Registry
67-4792/1

DD/S 67-5121

B-162167

November 2, 1967

Dear Mr. Helms:

I have your letter of October 3, 1967, forwarding for my approval, in accordance with section 9 of the Records Disposal Act of July 7, 1943, 44 U.S.C. 374, a proposed financial records retirement program covering various records of the Central Intelligence Agency. Under the proposed program, you would effect disposition of the related records pursuant to the standards set forth in the schedule after conducting your own audit of accounts.

Since these standards are generally patterned after retirement standards for similar records approved for other departments and agencies, I concur in their adoption.

Sincerely yours,

*Thomas B. Staats*

Comptroller General  
of the United States

The Honorable Richard Helms  
Director, Central Intelligence Agency

107-4792

3 OCT 1967

The Honorable Elmer B. Staats  
Comptroller General of the United States  
Washington, D. C. 20548

Dear Mr. Staats:

I am submitting for your consideration a financial records retirement program which, subject to your approval as authorized under 44 U.S.C. 374 (1964), would be adopted by this Agency. A retirement schedule for the particular records involved is set out in the enclosure. It is generally patterned after the schedule applicable to the retirement of financial records by executive departments and agencies of Government, particularly as to identification of categories of documents and the application thereto of appropriate records retention periods.

Under the terms of this proposal, the Agency would, after conducting its own audit of accounts, effect the disposition of the related financial records pursuant to the enclosed retirement schedule.

I am of the opinion that this Agency program would adequately protect the interests of the Government while contributing toward a savings in terms of storage and manpower costs.

Your approval is requested.

OCC:ETD:mw]

1 - GENERAL COUNSEL

1 - OGC

1 - RECORDS ADMINISTRATION DIVISION

1 - DIRECTOR

1 - EN

1 - DDCT

1 - DIRECTOR

Enclosure

DISTRIBUTION

Sincerely,

SIGNED

OCT 15 1 52 PM '67  
Richard Helms  
Director

ORIGINAL FINANCIAL RECORDS RETIREMENT SCHEDULE

Description of Records

Disposition Instructions

1. Original Headquarters and field collection and miscellaneous disbursement records.

- a. Original collection and disbursement records including Washington and field statements of transactions, supporting vouchers, schedules, receipts, authorizations, and related papers exclusive of freight, transportation and payroll records.

Destroy 12 years after the period of the account.

2. Original Headquarters and field payroll records pertaining to salary and allowance payments to Agency employees.

- a. Individual pay card or equivalent, reflecting detailed pay, deductions and service records.
- b. Original payroll vouchers for indigenous employees. (Individual pay cards not maintained.)
- c. Original payroll vouchers and bond schedules for Headquarters personnel  S. Citizen field personnel. (Individual pay card or equivalent maintained.)

Destroy 56 years after date of last entry on card.

Destroy after 56 years from dates of the accounts in which they were submitted.

Destroy 12 years after the period of account in which they were submitted.

d. Leave records, maintained independently of pay and earning records.

(1) Pay or fiscal copy.

- (a) Final leave record showing accumulated leave on separation.

Destroy 10 years after last entry on card.

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Description of Records

Disposition Instructions

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| <p>(b) All other pay or fiscal copies.</p> <p>e. Time and attendance reports, notification of personnel actions (exclusive of those in Official Personnel Folders), payroll control registers and payroll change slips.</p> <p>3. Original Headquarters and field transportation and freight records.</p> <p>4. Contracts</p> <p>a. Original numbered contracts and letters of agreements on negotiated contracts covering general Agency procurement.</p> <p>5. Personal Service Contracts</p> <p>a. Personal service contracts for experts, consultants and part-time employees.</p> <p>6. Accounting Records</p> <p>a. General Accounts Ledgers</p> <p>b. Allotment Records</p> | <p>Destroy 3 years after audit of related pay records.</p> <p>Destroy 2 years after audit of related pay records.</p> <p>Retain for 4 years after the period of account. Freight or passenger transportation vouchers which have become involved in litigation or any other condition that requires the voucher to be retained beyond the 4 year retention period should be retained for 10 years after the period of the account.</p> <p>Destroy 12 years after the end of the fiscal years in which the contracts were stored in the Agency (CIA) Records Center.</p> <p>Destroy 12 years after the end of the fiscal year in which the contracts were stored in the Agency (CIA) Records Center.</p> <p>Destroy 10 years after close of fiscal year involved.</p> <p>Destroy 10 years after close of fiscal year involved.</p> |
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